

## Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 06778 01 OF 03 261747Z

ACTION SP-02

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00  
CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00  
NSC-05 PA-01 PRS-01 SS-15 USIA-06 AID-05 COME-00  
EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01  
OMB-01 DHA-05 IO-13 ACDA-07 IGA-02 STR-04 CEA-01  
/158 W

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P R 261630Z AUG 77

FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC PRIORITY 6848

INFO AMEMBASSY BRASILIA

AMEMBASSY LAGOS

AMEMBASSY OUAGADOUGOU

AMEMBASSY NEW DELHI

AMEMBASSY TOKYO

AMEMBASSY MEXICO

AMEMBASSY KUALA LUMPUR

AMEMBASSY TEHRAN

AMEMBASSY ROME

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY LUSAKA

C O N F I D E N T I A L SECTION 1 OF 3 LA PAZ 6778

EO 11652: GDS

TAGS: EGEN, ECIN, XX

SUBJ: NORTH-SOUTH STRATEGIES

REF: STATE 191928

1. WE WELCOME THE OPPORTUNITY TO HAVE AN INPUT INTO THE  
INTERAGENCY STUDY ON NORTH SOUTH STRATEGIES. GIVEN OUR  
LIMITED RESOURCES AND THE PRESS OF OTHER BUSINESS, WE  
BELIEVE WE CAN MOST USEFULLY MAKE A CONTRIBUTION BY LOOKING  
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PAGE 02 LA PAZ 06778 01 OF 03 261747Z

AT THE SUBJECT FROM A BOLIVIAN POINT OF VIEW, ON THE GROUNDS  
THAT BOLIVIA IS RATHER TYPICAL OF MANY SUCH SMALL, RELATIVELY  
BACKWARD, COMMODITY PRODUCING LDC'S. BECAUSE OF THE VAST  
DIFFERENCES BETWEEN THE COUNTRIES OF THE SOUTHERN CONE,  
WE DON'T BELIEVE WE CAN SPEAK FOR THE WHOLE REGION, ALTHOUGH  
OUR COMMENTS ON MILITARY GOVERNMENTS MAY APPLY TO BOLIVIA'S  
NEIGHBORS. WE CAN DESCRIBE THE PRESENT GOB AS A FRIENDLY,

RELATIVELY MODERATE MILITARY DICTATORSHIP, ENGAGED IN A STRONG EFFORT AT NATION BUILDING AND ECONOMIC DEVELOPMENT, WITH FEELINGS OF GREAT DEPENDENCE ON THE EXTERNAL ENVIRONMENT (WORLD COMMODITY AND FINANCIAL MARKETS, US AND OTHER GREAT POWER ACTIONS AND POLICIES, ETC.) AND GENERALLY SUSPICIOUS THAT IT IS (OR CAN BE) MANIPULATED OR EXPLOITED ECONOMICALLY AND POLITICALLY BY THE INDUSTRIAL NATIONS AND MULTINATIONAL CORPORATIONS. IT ALSO FEARS COMMUNIST SUBVERSION ALMOST TO THE POINT OF PARANOIA. WHILE OFTEN PERPLEXED BY US POLICIES, BOLIVIA'S RULING ELITE GENERALLY LOOK TO THE US FOR LEADERSHIP OF AN INTERNATIONAL SYSTEM IN WHICH THEY HAVE A STAKE (ALTHOUGH THEY SUSPECT WE ARE THE MAIN BENEFICIARIES), AND THEY CONSIDER THEMSELVES IDEOLOGICALLY ORIENTED WITH THE US.

2. ROLE IN MULTILATERAL AND GLOBAL INSTITUTIONS.

THE GOB, LIKE MOST OTHER SMALL LDCS IN SIMILAR CIRCUMSTANCES, DEVOTES CONSIDERABLE EFFORT TO ITS INTERNATIONAL RELATIONS AND PARTICIPATION IN VARIOUS GLOBAL ORGANIZATIONS, BUT IT HAS A SCARCITY OF HUMAN RESOURCES AND EXPERTISE FOR DEALING WITH SUCH ISSUES. BY NECESSITY, THEREFORE, THE GOB CONCENTRATES ON THOSE INTERNATIONAL ISSUES DIRECTLY RELATED TO ITS OWN ECONOMIC, POLITICAL AND SECURITY INTERESTS. IN RESPONSE TO THE QUESTION "WHAT ROLE CAN SUCH A COUNTRY PLAY IN MULTILATERAL AND GLOBAL INSTITUTIONS?", BOLIVIA HAS THE EXPERTISE TO AND DOES PLAY A POSITIVE ROLE IN INTERNATIONAL COMMODITY

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PAGE 03 LA PAZ 06778 01 OF 03 261747Z

MATTERS. IT IS A LEADING (AND PERHAPS SOMEWHAT CONTENTIOUS) MEMBER OF THE INTERNATIONAL TIN COUNCIL, AND BOLIVIANS HAVE PLAYED PROMINENT ROLES ON OTHER COMMODITY MATTERS SUCH AS TUNGSTEN AND ON COMMODITY QUESTIONS IN GENERAL, SUCH AS IN UNCTAD. THE NORTH SOUTH DIALOGUE IS AT ITS MOST PRACTICAL AND MOST EMOTIONAL PLANE AS FAR AS THE BOLIVIANS ARE CONCERNED WHEN IT COMES TO COMMODITIES. FOR OUR POLICY PURPOSES, WE CAN EXPECT THAT BOLIVIA WILL CONTINUE TO TRY TO MAXIMIZE ITS (VERY LIMITED) INFLUENCE ON THIS BREAD AND BUTTER ISSUE, AND IT WILL REACT STRONGLY (WHETHER POSITIVELY OR NEGATIVELY) TO US COMMODITY POLICIES AND THE WAY WE EXECUTE THEM.

3. WHEN IT COMES TO NATIONAL SECURITY AND GENERAL POLITICAL RELATIONS, BOLIVIA AND THE GOB MAY HAVE Equally STRONG INTERESTS, BUT WITH EXTREMELY LIMITED EXPERTISE AND PERSPECTIVE TO DEAL WITH SUCH QUESTIONS. A ROUGH HIERARCHY OF POLITICAL NEEDS WOULD BE 1) TO PROTECT ITSELF FROM THE PERCEIVED THREAT OF EXTERNALLY SUPPORTED SUBVERSION; 2) TO PROTECT ITSELF AGAINST TERRITORIAL AGRANDIZEMENT OF ITS NEIGHBORS (TO ALL OF WHOM BOLIVIA HAS LOST TERRITORY) AND TO 3) OBTAIN AN OUTLET TO THE SEA. WHILE THE GOB CAN AND DOES VERBALIZE THESE NEEDS IN MULTILATERAL INSTITUTIONS (AND WE BELIEVE IT

PLANS TO INCREASE ITS EFFORTS IN THIS REGARD - SEEL LA PAZ  
5337), IT HAS VIRTUALLY NO EFFECTIVE NATIONAL POWER OR  
INFLUENCE TO ACHIEVE THEM ITSELF. IT IS PRETTY MUCH DEPENDENT  
ON OTHER NATIONS AND IT KNOWS IT. AGAIN, WE SUSPECT THAT  
WHILE INDIVIDUAL CIRCUMSTANCES WILL VARY, MANY OTHER SMALL  
LDCS SUFFER FROM THE SAME DEPENDENCY PSYCHOLOGY.

4. BOLIVIAN LEADERS THUS TEND TO SEE THEIR NATION AS CAUGHT  
IN A COMPLEX WEB OF ECONOMIC AND POLITICAL RELATIONSHIPS  
WITH LIMITED RESOURCES TO DEAL WITH THEM. THEY FEEL  
ECONOMICALLY DEPENDENT ON THE US AND TO MUCH LESSOR EXTENT  
OTHER INDUSTRIALIZED POWERS (FOR COMMODITY MARKETS, AND  
EXTERNAL FINANCING) THEY FEEL POLITICALLY DEPENDENT ALSO  
ON THE US AND THEIR LATIN AMERICAN NEIGHBORS (AT ROUGHLY AN  
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CONFIDENTIAL

PAGE 04 LA PAZ 06778 01 OF 03 261747Z

EQUAL LEVEL) AND TO A LESSOR EXTENT IT HAS INTERESTS IN  
COMMON WITH OTHER THIRD WORLD COUNTRIES.

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PAGE 01 LA PAZ 06778 02 OF 03 261758Z  
ACTION SP-02

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EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01  
OMB-01 DHA-05 IO-13 ACDA-07 IGA-02 STR-04 CEA-01  
/158 W

-----074395 261926Z /45

P R 261630Z AUG 77  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC PRIORITY 6849  
INFO AMEMBASSY BRASILIA  
AMEMBASSY LAGOS  
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CONFIDENTIAL SECTION 2 OF 3 LA PAZ 6778

5. BOLIVIA'S RELATIVE ABILITY TO MAKE A POSITIVE CONTRIBUTION TO INTERNATIONAL COMMODITY MATTERS, COMBINED WITH ITS WEAKNESS ON POLITICAL AND SECURITY MATTERS SUGGESTS SOME CONSIDERATION FOR US NORTH SOUTH POLICY.

A. US COMMODITY POLICIES.

GENERALLY SPEAKING, US POLICIES IN THIS FIELD HAVE BEEN APPLAUDED BY BOLIVIANS, INCLUDING OUR WILLINGNESS TO COOPERATE ON A CASE-BY-CASE BASIS IN STABILIZATION AGREEMENTS, OUR ANNOUNCED WILLINGNESS TO SEEK CONGRESSIONAL APPROVAL FOR A CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 06778 02 OF 03 261758Z

VOLUNTARY DONATION TO THE INTERNATIONAL TIN COUNCIL BUFFER STOCK, AND OUR SUPPORT FOR COMMODITY INVESTMENT FINANCING ETC. WHERE THINGS BREAK DOWN IS IN THE IMPLEMENTATION OF SUCH POLICIES. THE BOLIVIANS BELIEVE, WHETHER RIGHTLY OR WRONGLY, THAT THE US TAKES UNNECESSARILY HARD NEGOTIATING POSITIONS IN THE ITC AND WE USE OUR DIPLOMATIC STRENGTH TO VERWHELM THE SMALLER TIN PRODUCING MEMBERS AND ENFORCE OUR VIEWS. A CERTAIN AMOUNT OF "CONFRONTATION" IN SUCH FORUMS IS PROBABLY INEVITABLE, SINCE PRODUCERS AND CONSUMERS HAVE DIFFERING VIEWS, BUT US DELEGATIONS USUALLY HAVE VAST RESOURCES OF INFORMATION, POLICY STUDIES, USE OF COMPUTERS, ETC., NOT TO SPEAK OF HIGHLY COMPETENT PERSONNEL. IN CONTRAST, SMALL NATIONS LIKE BOLIVIA MAY HAVE ONLY A FEW REAL EXPERTS ON A GIVEN COMMODITY, WITH VERY LITTLE BACKUP IN TERMS OF ECONOMIC ANALYSIS AND INFORMATION. THE BOLIVIANS ARE MOST SENSITIVE TO THIS, AND OFTEN SEE THEMSELVES IN A DAVID AND GOLIATH SITUATION, EVEN WHERE OUR NEGOTIATORS HAVE NO INTENTION OF APPEARING CONFRONTATIONALIST. WE WONDER WHETHER OTHER SMALL COUNTRIES FEEL THE SAME WAY. THE MOST VEHEMENET COMPLAINTS, PUBLIC AND PRIVATE, ABOUT THE US IN RECENT MONTHS IN BOLIVIA HAVE BEEN OVER OUR PERCEIVED NEGOTIATING POSTURE IN THE ITC.

6. WE DO NOT MEAN TO SUGGEST THAT THE US SHOULD GO OVER-BOARD IN MEETING THE DEMANDS OF SMALL COMMODITY PRODUCERS. WE PROBABLY COULD NEVER SATISFY THEM IN ANY EVENT. WE DO BELIEVE THAT, GIVEN REASONABLY FORTHCOMING "POLICIES" (WHICH WE BELIEVE OURS HAVE GENERALLY BEEN IN THE TIN FIELD AND IN COMMODITIES IN GENERAL RECENTLY), THE STYLE IN WHICH WE EXECUTE THEM CAN HAVE A GREAT EFFECT ON THE TENOR OF OUR RELATIONS (I.E., ON THE NORTH SOUTH DIALOGUE).

7. HOW TO ACHIEVE THE APPEARANCE OF MORE REASONABLE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 06778 02 OF 03 261758Z

NEGOTIATING POSTURES ON COMMODITIES MATTERS IA A DIFFICULT QUESTION. TO SOME EXTENT IT MAY SIMPLY BE TO TRY TO TAKE INTO ACCOUNT THE SENSITIVITIES OF SMALL, INSECURE, DEPENDENT NATIONS LIKE BOLIVIA WHEN PREPARING OUR DELEGATIONS AND THEIR NEGOTIATING POSTURES. WE ALSO WONDER ABOUT THE FEASIBILITY OF SHARING OUR VAST ECONOMIC INFORMATION AND ANALYSIS RESOURCES WITH SUCH SMALL NATIONS. COULD THE US (AND/OR THE OECD) PROVIDE RELATIVELY OBJECTIVE BACKGROUND DATA AND ANALYSIS ON COMMODITIES TO SMALLER NATIONS? COULD WE HELP FINANCE INDEPENDENT ORGANIZATIONS (A TIN INSTITUTE?) WHICH COULD HELP SMALLER COUNTRIES WITH THE ECONOMICS OF COMMODITIES? WE BELIEVE SUCH EFFORTS MIGHT HELP CONVINCE COMMOMITY PRODUCERS OF THE SINCERITY OF OUR "POLICIES" AS THEY ARE REFLECTED IN THE IMPLEMENTATION STAGE. NO DOUBT SOME OF THE ABOVE MAY NOT SIT WELL WITH THE DEPARTNEMTN'S COMMODITIES EXPERTS, SOME OF WHOM TEND TO SEE BOLIVIA AS A CHRONIC COMPLAINER, OCCASIONALLY WITH JUSTICE. WE THINK STYLE AND IMPLEMENTATION ARE JUST AS IMPORTANT AS "POLICIES" IN ACHIEVING OUR GOALS AND SUCH CONCERNS SHOULD BE INCLUDED IN YOUR STUDY.

B. HUMAN RIGHTS, SOUTHERN CONE MILITARY GOVERNMENTS, AND THEIR PERCEPTIONS OF NATIONAL SECURITY.

US HUMAN RIGHTS POLICIES, ESPECIALLY AS THEY APPLY TO SMALL MILITARY GOVERNMENTS SUCH AS BOLIVIA'S CERTAINLY ARE CREATING A COMPLEX REACTION. GIVEN THEIR FEAR OF COMMUNIST SUBVERSION AND HISTORY OF POLITICAL VIOLENCE AND INSTABILITY, MANY BOLIVIANS CONSIDER OUR ENTREATIES TO GIVE BETTER TREATMENT TO POLITICAL PRISONERS AND TO BROADEN POLITICAL AND SOCIAL RIGHTS IN GENERAL AS FAILING TO TAKE INTO CONSIDERATION THEIR OWN DOMESTIC PROBLEMS. NO MATTER HOW WE EXPLAIN OUR POLICIES, THE MESSAGE IS EASILY DISTORTED TO INDICATE THAT WE THINK TERRORISTS AND OTHER DANGEROUS PEOPLE SHOULD BE ALLOWED LOOSE ON THE STREETS. MOREOVER, THERE IS CONSIDERABLE SENSITIVITY TO THE APPEARANCE OF OUR SETTING OURSELVES UP IN JUDGMENT ON THE INTERNAL AFFAIRS OF OTHER COUNTRIES (FOR CONFIDENTIAL

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PAGE 04 LA PAZ 06778 02 OF 03 261758Z

EXAMPLE, VIA THE STATE DEPARTMENT REPORTS TO CONGRESS ON HUMAN RIGHTS), ESPECIALLY IN VIEW OF THE AMPLY PUBLICIZED URBAN AND JUVENILE CRIME IN AMERICA, THE POWER OF THE MAFIA, ETC. AT THE SAME TIME, THERE IS CONSIDERABLE SYMPATHY, EVEN

AMONG THE MILITARY, FOR THE BASIC IDEAS OF PRESIDENT CARTER'S HUMAN RIGHTS IDEAS.

8. OUR HUMAN RIGHTS POLICIES, THE UPCOMING REDUCTIONS IN MILGROUPS AND SECURITY ASSISTANCE, THE SOVIET PRECENCE IN PERU, ANGOLA, OUR CHANGING RELATIONS WITH CUBA, DETENTE, ALL CONVEY THE IMPRESSION TO MANY BOLIVIANS THAT WE ARE OPENING THE DOOR IN LATIN AMERICA TO SOVIET EXPANSIONISM. THIS RAISES DOUBTS ABOUT THE VALIDITY OF OUR LEADERSHIP, AND IT CERTAINLY DOES NO ENCOURAGE ACCEPTANCE OF EITHER OUR HUMAN RIGHTS EFFORTS OR OUR SUPPORT FOR A RETURN TO DEMOCRATIC GOVERNMENTS IN THE REGION. IN SHORT, WHILE BOLIVIANS STILL RESPECT OUR POWER AND INFLUENCE, THEY ARE SUFFERING FROM A CRISIS OF CONFIDENCE IN OUR LEADERSHIP.

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PAGE 01 LA PAZ 06778 03 OF 03 261905Z  
ACTION SP-02

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00  
CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00  
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P R 261630Z AUG 77  
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C O N F I D E N T I A L SECTION 3 OF 3 LA PAZ 6778

9. IT SEEMS TO US THAT THE SITUATION COULD BE RESTORED

BY BALANCING OUR HUMAN RIGHTS POLICIES WITH STRONGER INDICATION OF US CONCERN FOR POTENTIAL SUBVERSION, REGIONAL CONFLICTS, AND THE PROCLIVITY OF LATIN AMERICAN POLITICS TO RESORT TO VIOLENCE. SECONDLY, WE THINK OUR HUMAN RIGHTS EFFORTS WOULD BE BETTER RECEIVED THROUGH INTERNATIONAL ORGANIZATIONS SUCH AS THE OAS, THE UN, AND THE INTERNATIONAL FINANCIAL INSTITUTIONS. WE COULD ALSO GIVE MORE EMPHASIS IN SUCH INSTITUTIONS TO OUR OPPOSITION TO POLITICAL TERRORISM, VIOLENCE AND SUBVERSION, AND INDICATE OUR WILLING-  
CONFIDENTIAL

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PAGE 02 LA PAZ 06778 03 OF 03 261905Z

NESS TO ASSIST IN ACTIONS TO COUNTERACT SUCH TENDENCIES. OTHERWISE, WE FEAR THAT OUR HUMAN RIGHTS EFFORTS WILL BE SEEN BY SMALL VULNERABLE GOVERNMENTS SUCH AS BOLIVIA'S SIMPLY AS US MORALISM WHICH PUTS IN JEOPARDY THEIR OWN EXISTENCE.

10. FINALLY, WHILE MANY MILITARY GOVERNMENTS IN THIS REGION HAVE ANNOUNCED THEIR INTENTION TO RETURN TO CIVILIAN DEMOCRATIC GOVERNMENT, IT IS CLEAR TO US THAT AT LEAST IN BOLIVIA THE MILITARY WILL RETAIN PREPONDERENT POLITICAL POWER FOR THE FORESEEABLE FUTURE, ALTHOUGH BECAUSE OF OUR POLICIES AND FOR DOMESTIC REASONS THEY MAY BE INCLINED TO SHARE SOME OF THAT POWER WITH CIVILIANS. FURTHERMORE, ALL THINGS CONSIDERED, BOLIVIA'S PRESENT MILITARY GOVERNMENT, NOW STARTING ITS SEVENTH YEAR IN POWER, HAS NOT DONE A BAD JOB OF REESTABLISHING THE POLITICAL CONDITIONS FOR ECONOMIC AND SOCIAL PROGRESS. THESE FACTS SHOULD BE TAKEN INTO ACCOUNT IN OUR POLICY PLANNING. WHILE WE CAN AND SHOULD ENCOURAGE A RETURN TO CIVILIAN GOVERNMENT IN THIS REGION, WE BELIEVE IT SHOULD BE DONE IN A MANNER WHICH DOES NOT JEOPARDIZE THE STABILITY NEEDED FOR SOCIO-ECONOMIC PROGRESS, NOR WHICH BLATANTLY FLIES IN THE FACE OF THE FACT OF THE MILITARY'S POLITICAL POWER.

11. WHAT WE ARE SUGGESTING IS THAT WHEN IT COMES TO NORTH SOUTH STRATEGIES: 1) IT IS THE MIX OF OUR POLICIES AND THE STYLE WITH WHICH WE EXECUTE THEM THAT COUNTS; 2) WE SHOULD TAKE THE REALITIES OF SMALL COUNTRIES INTO ACCOUNT AND NOT TRY TO IMPOSE OUR IDEAL IMAGES ON THEM; 3) THERE ARE TRADE-OFFS IN OUR RELATIONS WITH LDCS WHICH CAN BE MANIPULATED. IF WE DEMONSTRATE THAT WE ARE CONCERNED ABOUT THEIR BASIC INTEGRITY THEY WILL BE MORE WILLING TO COOPERATE ON SPECIFIC ISSUES SUCH AS COMMODITIES AND HUMAN RIGHTS IN MULTILATERAL FORA AND BILATERALLY. PERHAPS WHAT WE ARE SAYING IS THAT OUR RELATIONS WITH THE LDCS WILL BE AN ART, NOT A SCIENCE, WHICH  
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PAGE 03 LA PAZ 06778 03 OF 03 261905Z

NO PRECONCEIVED SET OF POLICIES CAN IN THEMSELVES SATISFY.  
RATHER IT IS MIX AND STYLE WHICH HAVE TO BE ATTENDED TO  
ON A DAY-BY-DAY BASIS.

12. AID STRATEGY- BASIC FOOD HEALTH AND EDUCATION: WE SEE LITTLE DIFFERENCE BETWEEN THE STRATEGY RAISED IN PARA. 4 OF REFTEL AND THE EXISTING AID PROGRAMS HERE, WHICH ARE ALREADY EXCLUSIVELY CONCERNED WITH BASIC FOOD, HEALTH AND EDUCATION NEEDS OF THE RURAL POOR. LOAN AND GRANT PORTFOLIOS PREPARED FOR THE 1977-79 FISCAL YEARS ALSO REFLECT THAT FOCUS WITH THEIR EMPHASIS ON PROJECTS SUCH AS BASIC SANITATION, NUTRITION, RURAL EDUCATION AND TEACHER TRAINING, RURAL ACCESS ROADS AND POTABLE WATER. PERHAPS THERE IS SOME SUBTLE DIFFERENCE BETWEEN PARA 4 AND WHAT WE ARE ALREADY DOING, BUT WE DON'T SEE IT AND WE DOUBT THE RECIPIENTS WILL EITHER. THE IMPLEMENTATION PROGRAMS REMAIN THE SAME, AS WELL AS THE IMPACT ON THE RULING ELITE. IN BOLIVIA, THE RULING ELITE PHILOSOPHICALLY SUPPORTS IMPROVING THE LOT OF RURAL AREAS BECAUSE IT WOULD EXPAND THE DOMESTIC MARKET, AND THERE IS LITTLE PROSPECT THAT OUR BILATERAL AID WILL THREATEN THE URBAN ELITES' CONTROL OF THE COUNTRY IN THE NEAR FUTURE. WE DO SEE MERITS IN AID-CONTINUITY, AND WE HOPE A NEW AID STRATEGY WON'T PROVIDE AN EXCUSE TO DROP WHAT WE'RE NOW DOING HALF DONE IN MID-STREAM AND RUN OFF TO DO SOMETHING "NEW".

13. COMMUNIST COUNTRY INVOLVEMENT IN GLOBAL DEVELOPMENT PLANNING AND INSTITUTIONS. SUCH AN EFFORT ON OUR PART MAY HAVE MERITS AT THE LEVEL OF MULTILATERAL INSTITUTIONS. GIVEN THE ALMOST PARANOID VIEW OF THE GOB AND MOST OTHER SOUTHERN CONE REGIMES TOWARD THE TREAT OF SOVIET-SUPPORTED SUBVERSION, WE BELIEVE A US INITIATIVE TO INVOLVE THE SOVIETS IN JOINT DEVELOPMENT PROJECTS HERE WOULD CAUSE THE BOLIVIANS TO SHAKE THEIR HEADS AND WONDER WHAT MACHIAVELLIAN MOTIVES WE HAD FOR SUCH WEIRD BEHAVIOR. WE SEE LITTLE CHANCE OF SUCCESS FOR SUCH AN EFFORT UNTIL THESE GOVERNMENTS FEEL MORE CONFIDENTIAL

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PAGE 04 LA PAZ 06778 03 OF 03 261905Z

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14. WE WOULD LIKE TO FINISH BY STRESSING THAT GIVEN OUR SHORT HANDEDNESS AND THE FLOOD OF VIP VISITORS WE HAVE AHD RECENTLY, WE HAVE HAD LIMITED TIME TO DEVOTE TO THIS TELEGRAM. PERHAPS WE HAVE OVERLY EMPHASIZED THE NEGATIVE. WE HOPE IT WILL BE TAKEN IN THE SPIRIT OF DIALOGUE RATHER THAN A HARD AND FAST VIEW. WE THINK THE DEPARTMENT'S EFFORT TO INVOLVE EMBASSY'S IN THE POLICY PLANNING PROCESS IS COMMENDABLE, AND WE LOOK FORWARD TO SEEING THE RESULTS OF THE NORHT SOUTH STRATEGY STUDY.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Exemptions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009